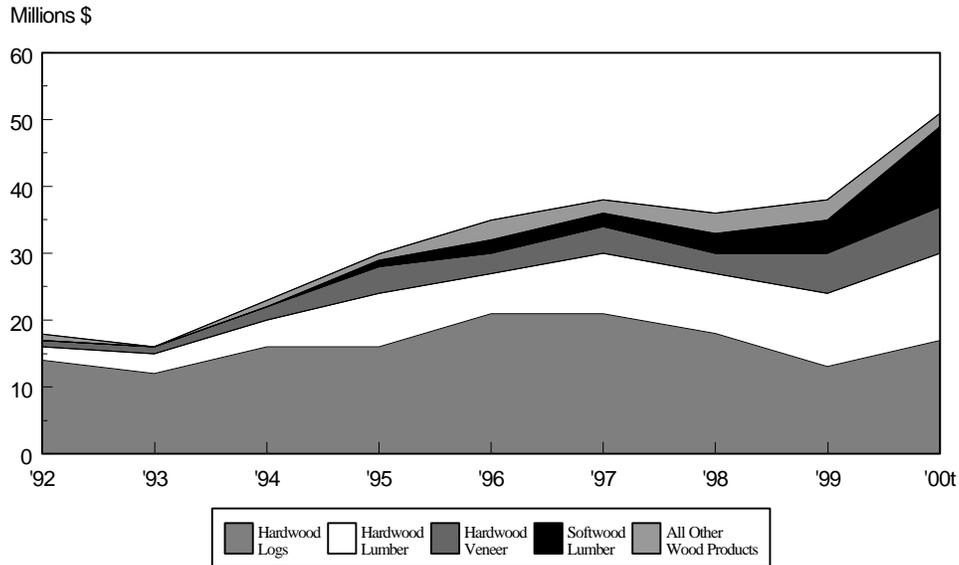


Indonesia



Total Exports in 1999: \$38 million



Tariff Schedule for U.S. products:

Item	HS Code	2000 Applied Rate	Bound Rate
Logs: Temperate, Softwood and Hardwood	4403	0%	40%
Lumber	4407	0-5%	40%
Veneer	4408	5%	40%
Moulding & Flooring	4409	0%	40%
Particleboard OSB	4410	5%	40%
Fiberboard	4411	5%	40%
Plywood	4412	10%	40%
Builders' Joinery	4418	10%	40%

Note: Indonesia imposes an additional 10 percent value-added tax on all imported wood products.

Indonesia



Trends and Recent Developments:

- On February 1, 1998, the plywood marketing board APKINDO was dissolved. Indonesian plywood companies can now market their product directly to importers and traders, without restriction on pricing or product mix. The Ministry of Forestry and Plantations, however, has proposed that a log ban be reinstated to guarantee adequate supply for the local industry and protect the forest from over-logging. The proposal is awaiting consideration from the International Monetary Fund (IMF) and reaching mutual consensus within the Indonesian Government.
- Export taxes on logs and sawn timber are 15 percent for the year 2000, although the Government of Indonesia has committed to reducing them to 10 percent by year's end and to 5 percent in 2001. The full impact of the reduction in export taxes, however, is being offset by the Government's utilization of the "Check Price System." Export taxes are applied against "Check Prices", not the actual international export price. Currently, the Check Prices are significantly above the international prices, leading to export taxes that are in effect double or triple the announced rate.
- Effective June 1, 2000, the Government of Indonesia reduced tariffs on a wide range of forest products, including those on lumber (HS 4407), veneer (HS 4408), and fiberboard (HS 4411), plywood (HS 4412) and builders' carpentry (HS 4418). Overall, Indonesia's average import tariff on value-added wood products, including lumber and veneer, have fallen from a peak of 15 percent in 1998 to 10 percent in 2000.
- Ongoing social unrest in Maluku, Aceh and several other provinces has shut down several plywood mills, reducing the total number of active mills from roughly 120 to 100. Rapidly increasing plywood production in China is also reducing Indonesia's competitive edge.